

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

IN RE:)	CHAPTER 7
)	
ARNOLD S. GOODSTEIN)	Case # 10-04204-DD
)	
)	
<u>Debtor.</u>)	

TO: All Creditors and Parties in Interest

NOTICE AND APPLICATION FOR SETTLEMENT AND COMPROMISE

YOU ARE HEREBY NOTIFIED THAT Michelle L. Vieira, as Chapter 7 Trustee (the "Trustee") for the Estate of Arnold S. Goodstein (the "Debtor") is applying for approval of compromise or settlement of claims against the Debtor, Diane S. Goodstein ("DSG"), and Carmel Carolina Company, LP ("CC") (collectively, "Goodstein Parties").

TAKE FURTHER NOTICE that any response, return and/or objection to this application, should be filed with the Clerk of the Bankruptcy Court no later than twenty-one days from the service hereof and a copy simultaneously served on all parties in interest.

TAKE FURTHER NOTICE that no hearing will be held on this application unless a response, return and/or objection is timely filed and served, in which case, the Court will conduct a hearing on **April 23, 2013 at 9:00 a.m.**, at **145 King Street, Room 225, Charleston, SC**. No further notice of this hearing will be given.

NATURE OF DISPUTE: The Trustee investigated numerous complex transactions between and among the Debtor, DSG and CC, and has identified a number of transactions which the Trustee believes are avoidable pursuant to South Carolina law and/or the Bankruptcy Code for lack of adequate consideration. The Goodstein Parties deny that any of the transactions are avoidable under either South Carolina law or the Bankruptcy Code, and the issues are highly contested. The Trustee also identified certain non-exempt personal property of the Debtor for turnover, some of which personal property is jointly owned by the Debtor and DSG. The Parties reached a global settlement of all issues, to include the avoidance actions and the turnover issues. The transfers involved in this hotly contested dispute are transfers which the Trustee believes may have been made for less than adequate consideration. Pursuant to 11 U.S.C. § 548 and S.C. Code Ann. § 27-23-10, such transfers may be avoidable. The Bankruptcy Code and the S.C. Code refer to such transfers as fraudulent transfers. However, use of such terms from the statutes does not

necessarily indicate fraud or illegality and may simply mean that a transaction did not involve payment of a sufficient amount given the value of the property being transferred. Resolution of these matters is settlement of a disputed claim and is not an admission of liability by any party.

AMOUNT DISPUTED: The Trustee claims that the Goodstein Parties owe in excess of \$2,000,000 in connection with the avoidable transactions and the turnover. The Goodstein Parties deny that any of the transactions are avoidable, and the Debtor claims that the personal property subject to turnover is worth significantly less than the value placed on it by the Trustee.

PROPOSED SETTLEMENT OR COMPROMISE: In order to reach a global resolution of all claims, including the avoidance actions and the turnover, DSG has agreed to assign her one-half interest in an Annuity, worth approximately \$125,000, to the Trustee, and the Debtor and CC have agreed to pay the Trustee the amount of \$375,000, for a total recovery to the estate of \$500,000. To effectuate the terms of the global resolution of claims, the Debtor's counsel has also volunteered to withdraw his fee application and to seek no payment from the estate for his services in connection with the Bankruptcy.

BENEFIT TO THE ESTATE: The issues involved are complex and highly contested, and litigation of these issues would be time consuming and costly to the estate. The Goodstein Parties have presented numerous defenses to the Trustee's claims, and the outcome in litigation is always uncertain. The estate benefits by recovering \$500,000 on the claims, without the added administrative expense of selling personal property obtained through turnover. In addition, withdrawal of the fee application of Debtor's counsel eliminates a possible administrative claim of approximately \$55,000.

RESPECTFULLY SUBMITTED on this the 4th day of March, 2013, at Columbia, South Carolina.

MOVING PARTIES:

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ATTORNEY FOR DEBTOR

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

IN RE:)	CHAPTER 7
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ARNOLD S. GOODSTEIN)	Case # 10-04204-DD
)	
)	
Debtor.)	

CERTIFICATE OF SERVICE

I, Kathryn H. Handrock, hereby certify that on behalf of Barbara George Barton, District Court I.D. #1221, Attorney for Michelle L. Vieira, Chapter 7 Trustee (the "Trustee") for the Estate of Arnold S. Goodstein (the "Debtor"), I served a copy of the **Notice and Application for Settlement and Compromise** between the Trustee, the Debtor, Diane S. Goodstein ("DSG"), and Carmel Carolina Company, LP ("CC") (collectively, "Goodstein Parties"), **filed March 4, 2013**, to the creditors and parties in interest as shown on the attached list, by depositing the same with the United States Post Office, first-class postage prepaid, at Columbia, South Carolina, on March 4, 2013.

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/s/ Kathryn H. Handrock
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March 4, 2013

Label Matrix for local noticing
0420-2
Case 10-04204-dd
District of South Carolina
Charleston
Mon Mar 4 09:51:45 EST 2013

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